



# Appendix B-3 OMB Passback and Appeal



## a. Background and Purpose

The Office of Management and the Budget (OMB) has a central role in the formulation and execution of the President's budget and is responsible for operating the executive budget system. The OMB supports the President by providing the detailed data necessary for the compilation of a comprehensive annual budget and advising him on budget issues.

The OMB Budget Process is the process by which all Federal Agencies request funding for their programs. After agencies submit their budget requests to OMB in September, OMB holds hearings and reviews agency requests. OMB also informs agencies of the amount the President will recommend for that agency's budget. OMB drafts the President's budget message and prepares the final budget documents.

The Program's Annual Budget, along with the Key Activity Summary, forms the basis of the DOE's budget submission to OMB. The major milestones of the OMB review process (passback and appeal process) are outlined in this section.

**The Budget Submission to OMB.** The DOE Annual Budget document, prepared each spring, is the basis for the budget submission to OMB. In late summer, OMB issues planning targets and policy guidance that DOE uses to adjust its budget submission. EERE program offices adjust their budget submission based on the guidance handed down from OMB, through the DOE Controller, the Assistant Secretary/EE, and the Deputy Assistant Secretaries.

Following a review by the Assistant Secretary, the budget submissions undergo a second review by analysts in the DOE Budget Office to determine that they accurately represent the Secretary's decisions and OMB's guidance. The initial DOE Budget Document is submitted to OMB in late September.

**OMB Budget Review.** Once the submissions are received from DOE, they are referred to budget examiners familiar with the programs involved. OMB budget examiners, familiar with EERE

**OMB Circular No. A-11 gives specific instruction to agencies on compiling formal budget requests.**

**Initial Budget guidance flow-down**

**OMB**

**DOE Controller**

**AS/EE**

**DAS**

**OMB budget review steps:**

- **OMB receives initial DOE budget submission.**
- **OMB examiners review the individual Program's portion of DOE budget submission.**
- **Program manager responds to issues raised by OMB examiners and brief senior staff prior to OMB hearings.**
- **OMB Director reviews OMB budget examiners' summaries.**
- **Passback of OMB mark-up to DOE. Appeal process begins.**
- **Secretary selects budget items for appeal.**

**DASs develop appeals. Program Manager provides supporting information.**

- **DOE Budget Office reviews OTT appeal.**
- **Secretary submits Appeal of Passback to OMB.**
- **OMB makes final budget decisions.**
- **OMB consolidates DOE budget into President's budget.**

**Appeal is contained in the DOE Appeal of Passback Document.**

programs, review the Program's portion of the DOE budget submission to identify significant budgetary and programmatic issues that will be discussed with DOE representatives at hearings conducted by OMB. **Program Managers usually assist DOE management in addressing OMB examiner questions and preparing for OMB hearings.** Reviews and hearings on the budget are conducted in October and November.

Following the hearings, the OMB budget examiners prepare a summary of the issues and their recommendations for "director's review." The director's review, closed to agencies, allows OMB principal officials to analyze major issues involving the presidential policy and the budget.

**Appeal Process.** In late November, OMB marks up the budget and returns to DOE its initial allowance ("passbacks"). DOE analyzes OMB's allowance and undertakes an appeal process.

The DOE Budget Office prepares summary tables of appeal items for the Office of the Secretary. The Office of the Secretary and Assistant Secretary, Management and Administration, review the appeal summaries with the Assistant Secretaries and the DOE Budget Office personnel and decide which items to appeal. Based on directives from the Assistant Secretary/EE and the Deputy Assistant Secretaries collaborate on development of appeals. **Program Managers may be asked for supporting information for the appeal process.**

After a review by the Budget Office, the Appeal of Passback document is transmitted to OMB by the Secretary's office.

OMB considers DOE's appeal and informs the Secretary of Energy of the final budget allowance for DOE. DOE adjusts the budget documents to concur with the OMB final budget allowance. Once approved, the DOE budget is consolidated into the overall OMB submission to the President's budget.

**Appeal of Passback Document.** The Appeal of Passback document, compiled by DOE, is used to justify the DOE's appeal to the OMB initial passback. For each item that DOE appeals, e.g., Natural Gas Utilization Initiative, the document lists the activity appealed and the associated amounts for the current year appropriations, the baseline funding, the OMB allowance, the difference between the baseline and OMB allowance, and the amount of the appeal and the revised request.

The appeal also includes narrative sections for each contested item on the Summary of Passback, Impact of the Passback, Appeal Description, and Offsetting Reductions.

All items appealed under EE are combined into an EE Summary of Passback Appeal document.

**c. Additional Resources**

Government published documents are available on the OMB budget process including the OMB Circular No. A-11 on formulating agency budget submissions to OMB.

